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**State:** District of Columbia **First Filing Company:** Everest Premier Insurance Company, ...  
**TOI/Sub-TOI:** 16.0 Workers Compensation/16.0004 Standard WC  
**Product Name:** Large Deductible  
**Project Name/Number:** Rule Filing/CW-WC-20041341

## Filing at a Glance

Companies: Everest Premier Insurance Company  
Everest Denali Insurance Company

Product Name: Large Deductible

State: District of Columbia

TOI: 16.0 Workers Compensation

Sub-TOI: 16.0004 Standard WC

Filing Type: Rate/Rule

Date Submitted: 05/04/2018

SERFF Tr Num: EVST-131488498

SERFF Status: Submitted to State

State Tr Num:

State Status:

Co Tr Num: DC-WC-20041341

Effective Date 07/01/2018

Requested (New):

Effective Date 07/01/2018

Requested (Renewal):

Author(s): Vanessa King

Reviewer(s):

Disposition Date:

Disposition Status:

Effective Date (New):

Effective Date (Renewal):

**State:** District of Columbia  
**TOI/Sub-TOI:** 16.0 Workers Compensation/16.0004 Standard WC  
**Product Name:** Large Deductible  
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**First Filing Company:** Everest Premier Insurance Company, ...

## General Information

Project Name: Rule Filing  
Project Number: CW-WC-20041341  
Reference Organization:  
Reference Title:  
Filing Status Changed: 05/04/2018  
State Status Changed:  
Created By: Vanessa King  
Corresponding Filing Tracking Number:  
Status of Filing in Domicile: Authorized  
Domicile Status Comments:  
Reference Number:  
Advisory Org. Circular:  
Deemer Date:  
Submitted By: Vanessa King

### Filing Description:

Everest Insurance hereby files for your review and approval the enclosed Workers Compensation large deductible rule filing. This plan is the same as Everest National Insurance Company recently-approved filing referenced in: SERFF Tr Num: EVST-130957548.

## Company and Contact

### Filing Contact Information

Vanessa King, Manager, Filing and Regulation  
P.O. Box 830  
477 Martinsville Road  
Liberty Corner, NJ 07938-0830  
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908-604-3267 [Phone]  
908-604-3546 [FAX]

### Filing Company Information

Everest Premier Insurance Company	CoCode: 16045	State of Domicile: Delaware
477 Martinsville Road	Group Code: 1120	Company Type: Property & Casualty
P.O. Box 830	Group Name: Everest Re Group, Ltd.	State ID Number:
Liberty Corner, NJ 07938-0830	FEIN Number: 81-2926232	
(908) 604-3000 ext. [Phone]		

Everest Denali Insurance Company	CoCode: 16044	State of Domicile: Delaware
477 Martinsville Road	Group Code: 1120	Company Type: Property & Casualty
P.O. Box 830	Group Name: Everest Re Group, Ltd.	State ID Number:
Liberty Corner, NJ 07938-0830	FEIN Number: 81-2912600	
(908) 604-3000 ext. [Phone]		

## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:

<b>SERFF Tracking #:</b>	EVST-131488498	<b>State Tracking #:</b>		<b>Company Tracking #:</b>	DC-WC-20041341
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<b>State:</b>	District of Columbia	<b>First Filing Company:</b>	Everest Premier Insurance Company, ...		
<b>TOI/Sub-TOI:</b>	16.0 Workers Compensation/16.0004 Standard WC				
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## Rate Information

Rate data does NOT apply to filing.

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## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Large Deductible	DC-LD-1-5	New		DC WC Large Deductible Rule .pdf

**EVEREST DENALI INSURANCE COMPANY  
EVEREST PREMIER INSURANCE COMPANY  
WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
DISTRICT OF COLUMBIA (08)**

**Workers Compensation Large Deductible Plan  
Rules Affecting Coverage and Premium**

**Part 1 – General Provisions**

- I. Purpose.** The Large Deductible Plan permits an employer who is insured for Workers Compensation to reimburse the insurer for losses paid in connection with the Workers Compensation insurance coverage. In return for a reduced premium, the insured agrees to reimburse the carrier for claims and, where selected, specified expenses and provide acceptable security.
- II. Coverage.** The coverage is provided by a standard Workers Compensation and Employers Liability policy with the Large Deductible Rating Plan Endorsement. Nothing in the endorsement relieves the insurer of its obligations under the Workers Compensation policy to provide benefits to injured employees in the event the employer fails to reimburse the insurer. Failure on the part of the employer to reimburse the insurer or to provide security in a form and amount acceptable to the insurer will permit the insurer to cancel the policy in accordance with the procedure for canceling a policy for non-payment of premium.

**Part 2 – Application of the Large Deductible Plan**

- I. Authority.** The application of this plan is optional for those risks which are eligible and may be used upon agreement of the insurer and the insured. The deductible applies to payments made in connection with Workers Compensation Insurance, Employers Liability Insurance, to the Other States Insurance coverage provided in this policy and, if elected, Allocated Loss Adjustment Expense(s). The deductible also applies to the insurance provided by any endorsement to the policy. The deductible applies to each accident for bodily injury by accident and to each employee for bodily injury by disease. A policy period aggregate deductible limit may be mutually agreed upon.
- II. Deductible Amounts.** The minimum deductible is \$25,000 per accident or per employee. Higher deductible amounts are available.
- III. Eligibility.** A minimum of \$100,000 of countrywide estimated annual Workers Compensation Standard Premium is required to be eligible for this plan. A risk is eligible for the Large Risk Alternative Rating Option (LRARO) rule if the countrywide annual Standard Premium is at least \$100,000. Under LRARO, the insured and insurer may negotiate the individual pricing components in accordance with individual risk needs. If this rule is used, the individual pricing components will be documented in the underwriting file.
- IV. Statistical Reporting.** Our obligation to report data for statistical purposes does not change for policies written with a Large Deductible program. All data will be reported without application of the deductible.
- V. Security.** As security for current and ultimate claim payments, an irrevocable letter of credit or other security in a form and amount acceptable to the insurer is required.
- VI. Rating Procedure.** The Deductible Premium is the premium charged to the policyholders for Workers Compensation Deductible coverage. It is calculated in accordance with the following formulas, procedures and definitions:

**Formula**

Deductible	Expected Loss + Expenses + Aggregate
Premium =	Above Deductible Limit Charge
	Deductible (if any)

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- A. Expected Losses Above Deductible.** This is the amount of expected loss (and ALAE if selected) estimated to be paid in excess of the selected deductible. This amount is calculated by the insurer based on the insured's prior loss history and risk characteristics. Calculation of this amount will be documented in the Underwriting File.
- B. Expenses.** These are expenses the insurer expects to incur that are specifically related to the risk-bearing component of the Deductible Premium. The calculation of expenses will be documented in the Underwriting File.
- C. Aggregate Deductible Limit Charge.** The aggregate deductible limit is an optional element established by agreement of the insured and the insurer and applies to the aggregate amount of deductible losses for the policy period.

The Aggregate Deductible Limit Charge is the charge for the amount of loss (and ALAE, if applicable) expected to exceed the established aggregate deductible limit. If an aggregate deductible limit is selected, the Aggregate Deductible Limit Charge to be included in the Deductible Premium formula is negotiated by the insured and insurer. This amount is calculated by the insurer based on the insured's prior loss history and risk characteristics. Calculation of this amount will be documented in the Underwriting File.

#### **VII. Policy Preparation and Audit**

- A. Policy Preparation.** The estimated deductible premium credit for the selected deductible will be shown in Item 4 of the Information Page. It will be determined for each state and insured at the inception of the policy or as of the date that a state or insured is added to the policy. Each policy to which this coverage applies shall include an approved Large Deductible Rating Plan Endorsement.
- B. Audit & Adjustment.** The deductible premium credit shall be recomputed upon the insured's final audit and any adjustment of premium following the expiration of the policy or the rating period. The insurer and the insured may agree to calculate the final audited deductible premium and any adjustment according to the negotiated exposure bases. If this is done, the deductible premium credit will be calculated by dividing the Deductible Premium by the exposure bases or the total expected payroll divided by \$100. This rate will appear in the Large Deductible Rating Plan Endorsement and reported for statistical purposes.
- C. Terrorism/Catastrophe.** In addition to the charges shown in the deductible formula, a charge for terrorism and catastrophe (other than certified acts of terrorism) will be included on deductible policies and will be in addition to the deductible premium. This charge will be mutually agreed upon by the insurer and insured. Claim payments made as a result of terrorism or catastrophes (other than certified acts of terrorism) are subject to the insured's selected deductible level.

#### **VIII. Optional Elements**

- A. Allocated Loss Adjustment Expense.** The treatment of Allocated Loss Adjustment Expense (ALAE) may be negotiated between the insurer and the insured. One of the following options may be selected.
1. Allocated Loss Adjustment Expense may be included in the deductible up to the per Accident or per Employee and/or the aggregate deductible limits.
  2. Allocated Loss Adjustment Expense may be excluded from the deductible limit. If this pricing option is chosen, the insured may agree to reimburse the insurer for Allocated Loss Adjustment Expense using one of the following options:

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- a. Allocated Loss Adjustment Expense may be reimbursed by the insured for the total cost regardless of the per accident or per Employee and/or aggregate deductible limits; or
- b. If the total loss exceeds the per accident or per Employee deductible amount, the amount of the ALAE for the accident will be shared pro rata with the insurer.

The insured's pro rata share of total ALAE will be determined by calculating the ratio of the amount of the medical and indemnity loss within the deductible limit to the total loss and applying the result of this computation to the ALAE.

- c. The insured and the insurer may negotiate a flat charge for Allocated Loss Adjustment Expense that will be paid by insured regardless of the claims activity on the account.

**B. Claims Handling and other associated expenses.**

1. The insurer, or a Third Party Administrator (TPA) contracted by the insurer, may administer the claims. The insurer will permit the TPA to investigate, adjust, defend and/or settle claims against the insured. The charges for Claims Handling (other than ALAE) and other associated expenses will be reimbursed to the insurer by the insured.

The insured may agree to reimburse the insurer for these charges using any of the following options:

- a. Claim Handling may be billed to the insured as a percentage charge for each loss. The amount of this charge will be negotiated between the insured and the insurer.
  - b. The insured and the insurer may negotiate a per claim charge for Claim Handling.
  - c. The insured and the insurer may negotiate a flat Claims Handling charge that will apply regardless of the claims activity on the account.
  - d. Charges other than claim handling (if any) may be billed as a rate times an exposure base or a flat charge.
2. The insured, or a Third Party Administrator (TPA) contracted directly by the insured, may administer the claims. The insurer will permit the TPA to investigate, adjust, defend and/or settle claims against the insured. The charge for Claims Handling (other than ALAE) and other associated expenses will be reimbursed to the insurer by the insured.

Claims Handling fees will be negotiated by the insured and the TPA.

- C. Final Deductible Computation.** The insurer and insured may, at their option, mutually agree upon a final payment to satisfy the deductible obligation. Payment by the insured of such amount will end the insured's obligation to make any further payments or reimbursements to the insurer under the Large Deductible Rating Plan Endorsement. The insurer will continue to handle claims pursuant to the terms and conditions of the policy to which the Large Deductible Rating Plan Endorsement is attached.

- D. Multiple Line/Multiple Policy Maximum Loss Content.** As an alternative to an aggregate deductible limit for Workers Compensation, the insurer and insured may agree to a Multiple Line/Multiple Policy Maximum Loss Content. Under this arrangement the maximum amount of payments by the insured for any reimbursement within a deductible, loss limit or retained limit for

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any policy listed in the schedule on the Large Deductible Rating Plan Endorsement, shall be limited to the amount specified as the Maximum Loss Content in that schedule.

The insured and insurer may agree to state the Maximum Loss Content as a negotiated rate per \$100 of final audited payroll, or other exposure base specified on the Large Deductible Rating Plan Endorsement, subject to a negotiated minimum aggregate.

As an alternative, the insured and insurer may also agree to state Maximum Loss Content as a negotiated percentage of final audited Standard Premium.

The Maximum Loss Content charge is the charge for the amount of loss (and ALAE, if applicable) expected to exceed the established Maximum Loss Content. If a Maximum Loss Content is selected, the Aggregate Deductible Limit Charge to be included in the Deductible Premium Formula is negotiated by the insured and insurer. This amount is calculated by the insurer based on the insured's prior loss history and risk characteristics. Calculation of this amount will be documented in the Underwriting File.

- E. Assessments, Surcharges and Taxes.** Certain premium taxes, special taxes, assessments and surcharges including residual market charges, if applicable, may be collected separately from the Deductible Premium calculated in Part 2.VI. above. When these charges are collected separately from Deductible Premium we will identify the terms of such obligations in a communication to the insured, which will become part of the Underwriting File.



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## Supporting Document Schedules

<b>Bypassed - Item:</b>	Consulting Authorization
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Certification (P&C)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	